“Recent Changes in ITR forms Applicable For A.yr 2026-27 & Presumptive Taxation a Practical Issues“

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ITR Forms and applicability:-

The Central Board of Direct Taxes (CBDT), vide Various Notification Nos. as per the Chart below has notified Income- tax Return (ITR) Forms [ITR-1 to ITR-7] for furnishing the return of income for the Financial Year 2025-26, corresponding to the Assessment Year 2026-27.

Background:

S.No	Notifications Nos	Date of Notification	ITR forms Notified
1	**No.** 45 /2026	30th March, 2026	ITR -1 (SAHAJ) ITR –4 (Sugam)
2	**No. 46/2026**	30th March, 2026	ITR-2
3	**No. 47/2026**	30th March, 2026	ITR-3
4	**No. 48/2026**	30th March, 2026	ITR-5
5	**No. 49/2026**	30th March, 2026	ITR-6
6	**No. 50/2026**	30th March, 2026	ITR-7
7	**No. 51/2026**	30th March, 2026	**“FORM ITR-V” & “INDIAN INCOME TAX RETURN ACKNOWLEDGEMENT**
8	**No. 52/2026**	30th March, 2026	ITR-U

ITR Forms Utility:-

S.No	ITR forms Utility	Date of release of first version of utility	Date of release of latest version of utility
1	**ITR1**	15th May 2026	30th June 2026
2	ITR2	26-May-2026	30th June 2026
3	ITR3	18th June 2026	30th June 2026
4	ITR 4	15th May 2026	30th June 2026

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Common Offline Utility (ITR 1,2,3 and ITR 4)

Date of release of latest version of utility01-Jul-2026

Date of release of first version of utility20-May-2026

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CBDT notifies Above ITR Forms

Wording of Notification No :-

In exercise of the powers conferred ***by section 139 read with section 295*** of the Income-tax Act, 1961 (43 of 1961), ***the Central Board of Direct Taxes*** hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income-tax (Second Amendment) Rules, 2026..

(2) They shall come into force with effect from the 31st day of march, 2026 and shall apply in respect of returns filed for A.Y. 2026-27..

2. In the Income-tax Rules, 1962 ***(hereinafter referred to as the principal rules)***, ***in rule 12,-…………***

3. In the principal rules, in Appendix-II, ***for Forms ITR-1 SAHAJ, ITR-2, ITR-3, ITR-4 SUGAM, ITR-5, ITR-6, ITR7,ITRU, ITR-V*** and ***Indian Income Tax Return Acknowledgement, the following Forms shall, respectively, be substituted, namely:—***

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Section 139 "Return of income."

139. (1) ***Every person***,—

(*a*) ***being a company or a firm***; or

(*b*) being ***a person other than a company or a firm***,

- if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous ***year exceeded the maximum amount which is not chargeable to income-tax,***
- shall, on or before the due date,
- ***furnish a return of his income or the income of such other person during the previous year,***
- ***in the prescribed [Rule12] form and***
- ***verified in the prescribed manner*** and
- setting forth ***such other particulars as may be prescribed*** :

Proviso 1 of Section 139 (1)

- ***Provided that a person referred to in clause (b),***
- who is not required to furnish a return under this sub-section and
- residing in such area as may be specified by the Board in this behalf by notification in the Official Gazette, and
- ***who during the previous year incurs an expenditure of fifty thousand rupees or more towards consumption of electricity***
- ***or at any time during the previous year fulfils any one of the following conditions, namely :—***
- (i) ***is in occupation of an immovable property exceeding a specified floor area,*** whether by way of ownership, tenancy or otherwise, as may be specified by the Board in this behalf ; or
- (ii) ***is the owner or the lessee of a motor vehicle other than a two wheeled motor vehicle***, whether having any detachable side car having extra wheel attached to such two-wheeled motor vehicle or not; or
- (iv) ***has incurred expenditure for himself or any other person on travel to any foreign country***; or
- (v***) is the holder of a credit card, not being an "add-on" card, issued by any bank or institution; or***
- (vi) ***is a member of a club where entrance fee charged is twenty-five thousand rupees or more,***
- ***shall furnish a return,*** of his income during any previous year ending before the 1st day of April, 2005, on or before the due date in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed :

Proviso 2 of Section 139 (1)

Provided further that the Central Government may, by notification in the Official Gazette, specify the class or classes of persons to whom the provisions of the first proviso shall not apply :

Proviso 3 of Section 139

Provided also that ***every company or a firm shall furnish on or before the due date the return in respect*** of its income or loss in every previous year.

Proviso 4 of Section 139 (1)

Provided also that ***a person, being a resident other than not ordinarily resident in India within the meaning of clause (6) of section 6,*** who is not required to furnish a return under this sub-section and ***who at any time during the previous year,—***

(a) ***holds, as a beneficial owner or otherwise, any asset*** (including any financial interest in any entity) ***located outside India*** or ***has signing authority in any account located outside India; or***

(b) is a ***beneficiary of any asset*** (including any financial interest in any entity) ***located outside India***,

shall furnish, on or before the due date, a return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars as may be prescribed:

Proviso 5 of Section 139 (1)

Provided also that nothing contained in the fourth proviso shall apply to an individual, being a beneficiary of any asset (including any financial interest in any entity) located outside India where, income, if any, arising from such asset is includible in the income of the person referred to in clause (*a*) of that proviso(4) in accordance with the provisions of this Act:

Proviso 6 of Section 139 (1)

Provided also that every person, ***being an individual or a Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person***, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year,

without giving effect to the provisions of clause (38) of section 10 or section 10A or section 10B or section 10BA or section 54 or section 54B or section 54D or section 54EC or section 54F or section 54G or section 54GA or section 54GB or Chapter VI-A exceeded the maximum amount which is not chargeable to income-tax, ***shall, on or before the due date, furnish a return of his income or the income of such*** other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed: Note:(80B(5))

80B(5) GTI:-gross total income" means the total income computed in accordance with the provisions of this Act, before making any deduction under this Chapter.

Proviso 7 of Section 139 (1)

Provided also that a person referred to in clause (*b*), who is not required to furnish a return under this sub-section, and who during the previous year—

(i) ***has deposited*** an amount or aggregate of the amounts ***exceeding one crore rupees*** in ***one or more current accounts*** maintained with a banking company or a co-operative bank; or

(ii) has ***incurred expenditure*** of an amount or aggregate of the amounts ***exceeding two lakh rupees*** for himself or any other ***person for travel to a foreign country***; or

(iii) has incurred expenditure of an amount or aggregate of the ***amounts exceeding one lakh rupees towards consumption of electricity;*** or

(iv) fulfils such other conditions as may be prescribed,

shall furnish a return of his income on or before the due date in such form and verified in such manner and setting forth such other particulars, as may be prescribed.

Section 295 Power to make rules.

(1) The Board may, ***subject to the control of the Central Government,***

- by notification in the Gazette of India,
- ***make rules for the whole or any part of India for carrying out the purposes of this Act.***

(2) In particular, and without prejudice to the generality of the foregoing power, ***such rules may provide for all or any of the following matters :—***

(*a*) the ascertainment and determination of any class of income;

(*b*) the manner in which and the procedure by which the income shall be arrived at in the case of—

(*i*) income derived in part from agriculture and in part from business;

(*ii*) persons residing outside India;

(*iia*) operations carried out in India by a non-resident;

(*iib*) transactions or activities of a non-resident;

(*iii*) an individual who is liable to be assessed under the provisions of sub-section (2) of section 64;

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Return of income and return of fringe benefits. Rule 12

(1) The return of ***income required to be furnished under***

- sub-section (1) or sub-section (3) or sub-section (4A) or sub-section (4B) or
- sub-section (4C) or sub-section (4D) [or sub-section (4E)] [or sub-section (4F)] of section 139 or
- clause (*i*) of sub-section (1) of section 142
- [*or section 148*] or
- section 153A relating to the assessment year commencing [on the 1st day of April, [1a]**[***2026***]**] shall,—

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[SAHAJ(ITR-1)

[[For individuals being a resident (other than not ordinarily resident) having total income upto Rs.50 lakh and having Income from Salaries, two house properties, other sources (Interest etc.), long-term capital gains under section 112A up to Rs. 1.25 lakh, and agricultural income up to Rs.5 thousand] [Not for an individual who is either Director in a company or has invested in unlisted equity shares or in cases where TDS has been deducted u/s 194N or if income-tax is deferred on ESOP or has assets (including financial interest in any entity) located outside India] (Refer rules for eligibility)]

Rule 12 (1)

(*a*) in the case of a ***person being an individual who is a resident other than not ordinarily resident*** *and* ***where the total income includes income chargeable to income-tax,*** under the head,—

(*i*) "Salaries" or income in the nature of family pension as defined in the *Explanation* to clause (*iia*) of section 57; or

(*ii*) ***"Income from house property", where assessee does not own more than TWO house property and does not have any brought forward loss [3] or loss to be carried forward under the head; or***

(*iii*) "Income from other sources", except winnings from lottery or income from race horses and does not have any loss under the head***; "be in Form [SAHAJ] (ITR-1) and be verified in the manner indicated therein:***

Provided that the provisions of this clause shall not apply to a person who,—

(I) *has* ***assets (including financial interest in any entity) located outside India****;*

(IA) *has* ***signing authority in any account located outside India****;*

(IB) *has* ***income from any source outside India;***

(IC) *has* ***income to be apportioned in accordance with provisions of section 5A;***

(ID) *has* ***claimed deduction under section 57,*** *other than deduction claimed under clause* (iia) *thereof;*

(IE) ***is a director in any company;***

(IF) *has* ***held any unlisted equity share*** *at any time during the previous year;*

(IG) *is assessable* ***for the whole or any part of the income on which tax has been deducted*** *at source in the hands of a person other than the assessee;*

Provided that the provisions of this clause shall not apply to a person who,—

(*II*) has ***claimed any relief of tax under section 90 or 90A or deduction of tax under section 91;***

(*III*) has ***agricultural income, exceeding five thousand rupees***;

(*IV*) has ***total income, exceeding fifty lakh rupees;***

(*V*) has ***income taxable under section 115BBDA;*** **(Tax on certain dividends received from domestic companies.)**

(*VI*) has ***income of the nature referred to in section 115BBE***;***(Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.)***

(VII) is a person in ***whose case tax has been deducted under section 194N****;[(TDS) ON* **Payment of certain amounts in cash** *or*

(VIII) is a person in whose case payment or deduction of tax has been deferred under sub-section (2) of section 191 or sub-section (1C) of section 192;

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[SUGAM(ITR-4)]

[[For Individuals, HUFs and Firms (other than LLP) being a resident having total income upto Rs.50 lakh and having income from business and profession which is computed under sections 44AD, 44ADA or 44AE, and having long-term capital gains under section 112A upto Rs. 1.25 lakh] [Not for an individual who is either Director in a company or has invested in unlisted equity shares or if income-tax is deferred on ESOP or has agricultural income more than Rs. 5000 or has assets (including financial interest in any entity) located outside India)] (Refer rules for eligibility)]

Rule 12 (1) (ca):

In the case of ***a person being an individual or a Hindu undivided family,***

- who is a resident other than not ordinarily resident, or
- a firm, other than limited liability partnership firm, which is a resident
- deriving income under the head "Profits or gains of business or profession" and
- such income is computed in accordance with special provisions referred to in section 44AD, section 44ADA and section 44AE of the Act ***for computation of such income, be in Form SUGAM (ITR-4)]*** and be verified in the manner indicated therein:]***:***

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Rule 12(1)(ca) : When Not Applicable

Provided that the provisions of this clause shall not apply to a person who,—

*(*I*) has **assets (including financial interest in any entity) located outside India**;*

*(*IA*) **has signing authority in any account located outside India;***

*(*IB*) has **income from any source outside India**; (*IC*) **has income to be apportioned in accordance with provisions of section 5A;***

*(*ID*) **is a director in any company**;(*IE*) has held any unlisted equity share at any time during the previous year;*

*(*IF*) has **total income, exceeding fifty lakh rupees**;*

*(*IG*) **owns more than one house property,** the income of which is chargeable under the head "Income from house property";*

*(*IH*) has **any brought forward loss or loss to be carried forward** under **any head of income**;*

*(*IJ*) is assessable for the whole or any part of the income on which tax has been deducted at source in the hands of a person other than the assessee;*

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Rule 12(1) (ca) : When Not Applicable

(*II*) has claimed ***any relief of tax under section 90 or 90A*** or deduction of tax under section 91;

(*III*) has ***agricultural income, exceeding five thousand rupees;***

(*IV*) has ***income taxable under section 115BBDA;*** or

(*V*) has ***income of the nature referred to in section 115BBE;***

(VI) has income of the nature specified in clause (vi) of sub-section (2) of section 17 on which tax is payable or deductible, as the case may be, under sub-section (2) of section 191 or sub-section (1C) of section 192;

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ITR-1 & ITR-4 for FY 2025–256 Key Updates and Changes

The CBDT has made several notable changes to the ITR-1 and ITR-4 forms for the Assessment Year 2026–27, aiming to expand eligibility, simplify compliance, and enhance the accuracy of reporting.

Nature of change	Descriptions
Reporting of the fee for furnishing the revised return of income	The new ITR forms incorporate a column to report fees paid under Section 234-I for furnishing a revised return of income.
Name and PAN of the political party to be furnished under Schedule 80GGC	The new ITR forms require two additional details from the taxpayer seeking a deduction under section 80GGC. Taxpayers are required to provide the name of the political party and its PAN under Schedule 80GGC.
Schedule 80G seeks the IFSC and Transaction Reference Number	The new ITR forms have introduced the following two additional reporting requirements in this Schedule for claiming deductions: (a) Transaction reference number for UPI transfers or the cheque/IMPS/NEFT/RTGS reference number, and (b) IFS code of the bank

Nature of change	Descriptions
Assessees opting for the presumptive tax scheme are required to disclose the investment made by them	A new column has been introduced in ITR-4 under the head “Financial Particulars of the Business”, requiring disclosure of the amount of investments made by the assessee. This marks an additional reporting requirement for taxpayers opting for the presumptive taxation scheme, where otherwise detailed financial disclosures are minimal..
Removal of the fields seeking reporting of foreign retirement account from ITR 1 and ITR 4	Section 89A offers resident individuals the option to defer payment of tax on income from foreign retirement benefit accounts from the year it is earned to the year it is withdrawn. This option is available only if the accounts are maintained in a notified country, and Form No. 10-EE is filed electronically. The income must be reported in the ITR forms applicable to an individual, i.e., ITR-1 to ITR-4.
	In the new ITR forms, the columns for disclosing income from retirement benefit accounts maintained in both notified and non-notified countries have been removed from two ITR forms: ITR-1 and ITR-4. This change aligns with the eligibility conditions for these returns. Income from such accounts naturally comes from foreign assets. It is considered foreign source income, and taxpayers holding foreign assets or earning foreign income are not eligible to file ITR-1 (Sahaj) or ITR-4 (Sugam). Therefore, the inclusion of these specific reporting fields in earlier versions of the forms was irrelevant, and their removal reduces redundancy and enhances consistency in the returns.

Nature of change	Descriptions
Rationalisation in the details sought of the representative assessee	In case a return is filed by a representative assessee, the ITR form seeks details of such representative assessee's name, capacity, address, and PAN/Aadhaar. In the new ITR forms, this reporting requirement has been modified. Now, the ITR forms seek **only the following three details if the representative assessee files the return:** **Name of r**epresentative assessee, **Email ID** of the representative assessee, **Contact number** of the representative assessee
Introduction of secondary address.	The new ITR forms applicable for Assessment Year 2026-27 have expanded this requirement by introducing a separate field for a secondary address, thereby requiring assessees to furnish both primary and secondary addresses. **Further, the existing fields for two mobile numbers and two email IDs have been redesignated as “Primary” and “Secondary” contact details.**

FINANCIAL PARTICULARS OF THE BUSINESS
Note--For Ell to E25 furnish the information as on 31st day of March, 2026

FINANCIAL PARTICULARS			
	FINANCIAL PARTICULARS OF THE BUSINESS		
	NOTE— For E11 to E25 furnish the information as on 31st day of March, 2026		
	E11	**Partners/ members own capital**	
	E12	**Secured loans**	
	E13	**Unsecured loans**	
	E14	**Advances**	
	E15	**Sundry creditors**	
	E16	**Other liabilities**	
	E17	**Total capital and liabilities (E11+E12+E13+E14+E15+E16)**	0
	E18	**Fixed assets**	
	E18(a)	***Investments***	
	E19	**Inventories**	
	E20	**Sundry debtors**	
	E21	**Balance with banks**	
	E22	**Cash-in-hand**	
	E23	**Loans and advances**	
	E24	**Other Assets**	
	E25	**Total assets (E18+E18a+E19+E20+E21+E22+E23+E24)**	0
	Note : E15, E19, E20, E21,E22 are mandatory and others if available		

ITR-2 : [For Individuals and HUFs not having income from profits and gains of business or profession]

Rule 12 (1)(c)

c) in the case of

- a ***person being an individual*** not being an individual to whom clause (a) applies or
- a ***Hindu undivided family*** where ***the total income does not include income*** *under the head* business or profession,
- be in ***Form No. ITR-2 and be verified in the manner indicated therein***;

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ITR-2 for FY 2025–26: Key Updates and Changes

The CBDT has made several notable changes to the ITR-2 forms for the Assessment Year 2026–27, incorporating key amendments aligned with the Finance Act, 2026

Nature of change	Descriptions
Reporting of interest income from Companies, NBFCs and HFCs in Schedule OS	The new ITR forms clarify that interest earned from companies, Non-Banking Financial Companies (NBFCs), and Housing Finance Companies (HFCs) shall be reported under the 'Other' column of Schedule OS. Accordingly, interest income from instruments such as fixed deposits, debentures, etc., with such entities is required to be disclosed in Schedule OS where the assessee is not engaged in the business of money lending.
Bifurcated reporting of capital gains earned before or after 23 rd July 2024 is removed	In the new ITR forms, dual reporting has been removed, as the rate change was relevant only for the transitional period in the previous year, 2024–25. Since no such mid-year change exists for the previous year relevant to AY 2026–27, the requirement to bifurcate capital gains based on transfer date is no longer necessary, thereby simplifying the reporting framework. (Appliable to ITR 3,5,6,7 also)

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ITR-2 for FY 2025–26: Key Updates and Changes

The CBDT has made several notable changes to the ITR-2 forms for the Assessment Year 2026–27, incorporating key amendments aligned with the Finance Act, 2026..

Nature of change	Descriptions
Separate reporting is required for certain interest incomes taxable at a concessional rate of 9%	In the new ITR forms, a column has been introduced in Schedule OS to capture such interest income specifically. This change will facilitate matching with TDS credits.
Rationalisation in the details sought of the representative assessee	In case a return is filed by a representative assessee, the ITR form seeks details of such representative assessee's name, capacity, address, and PAN/Aadhaar. In the new ITR forms, this reporting requirement has been modified. Now, the ITR forms seek only the following three details if the representative assessee files the return: Name of representative assessee, Email ID of the representative assessee, Contact number of the representative assessee
Introduction of secondary address	he new ITR forms applicable for Assessment Year 2026-27 have expanded this requirement by introducing a separate field for a secondary address, thereby requiring assessees to furnish both primary and secondary addresses. Further, the existing fields for two mobile numbers and two email IDs have been redesignated as “Primary” and “Secondary” contact details (Applicable to Form 1 to 7)

Form No. ITR-3:- ***(For individuals and HUFs having income from profits and gains of business or profession)***

Rule 12(1) (d)

in the case of a person

- being ***an individual or a Hindu undivided family other than the individual or Hindu undivided family*** referred to in clause (*a*) or clause (*c*) [or clause (*ca*)] and *having income under the head* business or profession,
- ***be in Form No. ITR-3 and***
- ***be verified in the manner indicated therein;***

ITR-3 for FY 2025–26: Key Updates and Changes

The CBDT has made several notable changes to the ITR-3 forms for the Assessment Year 2026–27, incorporating key amendments aligned with the Finance Act, 2026..

Nature of change	Descriptions
Requires the reporting of turnover & income from futures & option trading	he new ITR forms have introduced specific columns to report turnover from Futures & Options (F&O) trading and the income from such trading that is credited to the profit and loss account.
Reporting is required for the disallowance of MSME interest	To capture this disallowance, a new reporting column has been introduced in Part A - OI (Other Information) in ITR forms applicable for the Assessment Year 2026–27, requiring taxpayers to disclose the amount of such non-deductible interest.
Requires disclosure of the interest and remuneration due or received from the partnership firm.	The ITR forms notified for Assessment Year 2026-27 introduced the following two additional reporting requirements: a) Amount of interest due or received from the partnership firm b) Amount of remuneration due or received from the partnership firm
Changes made to incorporate the due date, extended to 31 st August by the Finance Act 2026, for filing the return of income	The Finance Act, 2026, has amended the ITA 1961 and ITR 2025 with respect to the due date for filing the return of income for taxpayers engaged in business or profession whose accounts are not required to be audited, as well as for partners of non-audit firms. The due date for filing the return of income for such taxpayers has been extended from 31st July to 31st August. The ITR-3 form for Assessment Year 2026–27 incorporates this change, and accordingly, in Part A – General, which requires the assessee to specify the applicable due date for filing the return of income, the date of 31st July has been substituted with 31st August

Enhanced Schedule-TDS

The form now includes a field to specify the section under which TDS was deducted (e.g., 194I for rent), ensuring better traceability and validation of TDS claims.

Form No. ITR-5 :- ***[For persons other than- (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7]***

Rule 12 (1)(e)

in the case of a person

- not ***being an individual or a Hindu undivided family or a company or a person to which clause (g) applies,***
- be ***in Form No. ITR-5 and be verified in the manner indicated therein***;

Form No ITR -6 :- *[For Companies other than companies claiming exemption under section 11]*

Rule 12 (1) (f)

in the case of a ***company not being a company to which clause (g) applies,***

- be in ***Form No. ITR-6*** and
- be ***verified in the manner indicated therein;***

Form No. ITR-7: *[For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D) only]*

Rule 12(1)(g)

(*g*) in the case of ***a person including a company***

- whether or not registered under section 25 of the Companies Act, 1956 (1 of 1956),
- required to file a return under sub-section (4A) or
- sub-section (4B) or
- sub-section (4C) or
- sub-section (4D) of section 139,
- ***be in Form No. ITR-7 and be verified in the manner indicated therein***

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Summary of some Key Changes

1. Rationalisation in the details sought of the representative assessee (ITR1 to ITR7)

In case a return is filed by a representative assessee, the ITR form seeks details of such representative assessee's name, capacity, address, and PAN/Aadhaar. In the new ITR forms, this reporting requirement has been modified. Now, the ITR forms seek only the following three details if the representative assessee files the return.

a) Name of representative assessee b) Email ID of the representative assessee c) Contact number of the representative assessee

A22		**Whether this return is being filed by a representative assessee? If yes, please furnish following information**	(Select)
	1	**Name of the representative assessee**	
	2	**Email-ID of the representative assessee**	
	3	**Contact no of the representative assessee**	

2) Introduction of secondary address.

[Part A: General] in the ITR forms seeks basic and essential information about the taxpayer. This includes personal and identification details such as name, PAN, Aadhaar number, address, contact information, etc. It also captures the taxpayer's status (individual, firm, company, etc.), filing status (original or revised return), and whether the return is being filed under any specific section, like section 119(2)(b), etc.

Until last year, the ITR forms required disclosure of only one address along with two mobile numbers and two email IDs for communication purposes. The new ITR forms applicable for Assessment Year 2026-27 have expanded this requirement by introducing a separate field for a secondary address, thereby requiring assessees to furnish both primary and secondary addresses. Further, the existing fields for two mobile numbers and two email IDs have been redesignated as "Primary" and "Secondary" contact details

Details to be provided for communication purposes:

Primary Email ID of the taxpayer	Secondary Email ID	Primary Mobile No. of the taxpayer		Secondary Mobile No.	
		91			

Primary Address

Flat / Door / Block No.	Name of Premises / Building / Village

Road / Street/ Post Office	Area / Locality	Town / City / District

State	Country/ Region	PIN Code	No ZIP Code	ZIP Code
(Select)	91-INDIA			

Is the secondary address same as primary address?	(Select)

Secondary Address:

Flat / Door / Block No.	Name of Premises / Building / Village

Road / Street / Post Office	Area / Locality	Town / City / District

State	Country / Region	PIN Code	No ZIP Code	ZIP Code
(Select)	(Select)			

3) Requires the reporting of turnover & income from futures & option trading: *[ITR 3, 5 and 6]*

[Schedule Part A—Trading Account] in the ITR form applies to taxpayers engaged in trading activities, including individuals, firms, and companies.This schedule requires the disclosure of key items debited and credited to the statement of profit and loss for the financial year. It includes key details such as opening stock, purchases, direct expenses, sales, and closing stock. The difference between total sales and cost of goods sold equals gross profit or loss, which is carried forward to the Profit and Loss account. The new ITR forms have introduced specific columns to report turnover from Futures & Options (F&O) trading and the income from such trading that is credited to the profit and loss account.

12a	**Turnover from Intraday Trading**	**12a**	
12b	**Income from Intraday Trading - transferred to Profit and Loss account**	**12b**	
12c	**Turnover from Futures & Options Trading**	**12c**	
12d	**Income from Futures & Options Trading - transferred to Profit and Loss account**	**12d**	

4.Reporting is required for the disallowance of MSME interest:

Section 43B(*h*) provides that any sum payable to Micro or Small Enterprises (MSEs) shall not be allowed as a deduction on an accrual basis if such payment is not made within the time limits prescribed under Section 15 of the MSMED Act, i.e., within the agreed period (not exceeding 45 days) or within 15 days where no agreement exists. If payment is made beyond this period, the deduction is allowed only in the year of actual payment. Further, as per Section 16 of the MSMED Act, delay in payment attracts compound interest with monthly rests at three times the bank rate notified by the Reserve Bank of India. ***Additionally, Section 23 of the MSMED Act, 2006, specifically disallows deduction of such interest paid or payable for delayed payments to MSEs while computing income under the Income-tax Act, 1961. To capture this disallowance, a new reporting column has been introduced in Part A - OI (Other Information) in ITR forms applicable for the Assessment Year 2026–27, requiring taxpayers to disclose the amount of such non-deductible interest.***

11	**Any amount debited to profit and loss account of the previous year but disallowable under section 43B:-**				
	a	**Any sum in the nature of tax, duty, cess or fee under any law**	**11a**		
	b	**Any sum payable by way of contribution to any provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees**	**11b**		
	c	**Any sum payable to an employee as bonus or commission for services rendered**	**11c**		
	d	**Any sum payable as interest on any loan or borrowing from any public financial institution or a State financial corporation or a State Industrial investment corporation**	**11d**		
	da	**Any sum payable as interest on any loan or borrowing from such class of non-banking financial companies as may be notified by the Central Government, in accordance with the terms and conditions of the agreement governing such loan or borrowing**	**11d(a)**		
	e	**any sum payable by the assessee as interest on any loan or borrowing from a scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank**	**11e**		
	f	**Any sum payable towards leave encashment**	**11f**		
	g	**Any sum payable to the Indian Railways for the use of railway assets**	**11g**		
	h	***Any sum payable to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006***	***11h***		
	i	**Total amount disallowable under Section 43B(total of 11a to 11h)**		**11i**	**0**

5. Requires disclosure of the interest and remuneration due or received from the partnership firm. ([ITR 3, 5 and 6)

[Schedule IF: Information regarding partnership firms in which you are a partner] in the ITR forms applies to individuals and entities who are partners in one or more partnership firms during the relevant financial year. This schedule is intended to capture key information about the assessee's interest in such firms and to ensure proper disclosure of profit-sharing and capital contributions**.**

The ITR forms notified for Assessment Year 2026-27 introduced the following two additional reporting requirements**:**

A) amount of interest due or received from the partnership firm.

B) Amount of remuneration due or received from the partnership firm

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Schedule IF	Information regarding partnership firms in which you are partner anytime during the previous year								
FIRMS IN WHICH PARTNER	Number of firms in which you are partner								
	Sl.No.	Name of the Firm	PAN of the firm	Whether the firm is Liable for Audit? (Y/ N)	Whether section 92E is applicable to firm? (Y/ N)	Percentage Share in the profit of the firm	Amount of share in profit	*Amount of interest due or received*	*Amount of remuneration due or received*	Capital balance as on 31st March in the firm
							i	*ii*	*iii*	iv
	1									
	2									
	3									
	4									
	5									
	6									
							0	*0*	*0*	0

6.Reporting of the fee for furnishing the revised return of income:

The Finance Act 2026 has extended the time limit for filing a revised return from 9 months to 12 months from the end of the relevant tax year or from the completion of assessment, whichever is earlier. This extension will allow taxpayers to revise their returns even if a belated return was filed at the end of the permissible period. However, this extended period to file a revised return is applicable only upon payment of an additional fee under Section 234-I of the ITA 1961, which is as follows:

A) Rs. 1,000, where the total income does not exceed Rs. 5 lakh; and

B) Rs. 5,000, in other cases

The new ITR forms incorporate a column to report fees paid under Section 234-I for furnishing a revised return of income

7. Name and PAN of the political party to be furnished under Schedule 80GGC (ITR 1 to 6)

Schedule 80GGC of the ITR is used to claim a deduction for contributions made to political parties or electoral trusts under Section 80GGC. The existing schedule requires the taxpayer to enter the contribution date and the amount contributed, specifying how much was paid in cash and how much was paid through other modes such as cheque, UPI, NEFT, or RTGS. It also asks for details like the transaction reference number and the IFSC code of the bank through which the payment was made.

The new ITR forms require two additional details from the taxpayer seeking a deduction under section 80GGC. Taxpayers are required to provide the name of the political party and its PAN under Schedule 80GGC.

8.Schedule 80G seeks the IFSC and Transaction Reference Number: *[ITR 1 to 6]*

Schedule 80G] of the ITR forms seeks the disclosures in respect of the deductions claimed for donations made to specified funds, charitable institutions, or relief organisations under Section 80G. This schedule requires the taxpayer to provide detailed information for each donation, including the type of donation, the applicable limit, and the allowed deduction percentage. It also asks for the name, PAN, and complete address of the donee, along with the city, state code, and pin code, to ensure that the donation is traceable and made to an eligible institution:

The new ITR forms have introduced the following two additional reporting requirements in this Schedule for claiming deductions:

A) Transaction reference number for UPI transfers or the cheque/IMPS/NEFT/RTGS reference number.

B) IFS code of the bank

9.Changes made to incorporate the due date, extended to 31 st August by the Finance Act 2026, for filing the return of income:*[ITR 3]*

The Finance Act, 2026, has amended the ITA 1961 and ITR 2025 with respect to the due date for filing the return of income for taxpayers engaged in business or profession whose accounts are not required to be audited, as well as for partners of non-audit firms.

The due date for filing the return of income for such taxpayers has been extended from 31st July to 31st August. The ITR-3 form for Assessment Year 2026–27 incorporates this change, and accordingly, in Part A – General, which requires the assessee to specify the applicable due date for filing the return of income, the date of 31st July has been substituted with 31st August

10. Assessees opting for the presumptive tax scheme are required to disclose the investment made by them☹*[ITR 4])*

A new column has been introduced in ITR-4 under the head "Financial Particulars of the Business", requiring disclosure of the amount of investments made by the assessee. This marks an additional reporting requirement for taxpayers opting for the presumptive taxation scheme, where otherwise detailed financial disclosures are minimal.

11. 'Total value' of investment made by the charitable trust, instead of its 'Nominal value', will be reported. *[ITR 7]:*

In Form ITR-7 for AY 2026-27, the expression "nominal value of the investment" is replaced with "total value of investment". While "nominal value" typically refers to the face value of shares or securities, the term "total value" is broader, capturing the actual investment value rather than just the face value

12. **Reporting is required for the validity period of registration obtained under other laws.(***ITR 7]*

Form ITR-7 for the assessment year 2026-27 requires the disclosure of the **"Date up to which such registration is valid."** Accordingly, **where a trust or institution holds registration under any law or portal other than the Income-tax Act, it is now required to report the validity/expiry date of such registration explicitly.**

13.Reporting of income from the presumptive scheme applicable to non-resident: *ITR 3 and 5]*

The new ITR forms have introduced specific columns for reporting profits and gains from businesses covered under Sections 44B, 44BB, 44BBA, 44BBC, or 44BBD. Non-resident taxpayers are now required to disclose the gross receipts/turnover and net profit from such businesses in this new column

14. **Reporting of interest income from Companies, NBFCs and HFCs in Schedule OS.** *ITR 2, 3, 5 and 7.*

The new ITR forms clarify that interest earned from companies, Non-Banking Financial Companies (NBFCs), and Housing Finance Companies (HFCs) shall be reported under the 'Other' column of Schedule OS. Accordingly, interest income from instruments such as fixed deposits, debentures, etc., with such entities is required to be disclosed in Schedule OS where the assessee is not engaged in the business of money lending.

b	Interest Gross (bi + bii + biii + biv + bv+bvi+bvii+bviii+bix)		1b	0
	i	From Savings Bank	1bi	
	ii	From Deposit (Bank/ Post Office/ Co-operative Society)	1bii	
	iii	From Income Tax refund	1biii	
	iv	In the nature of Pass through income\loss	1biv	
	v	Interest accrued on contributions to provident fund to the extent taxable as per first proviso to section 10(11)	1bv	
	vi	Interest accrued on contributions to provident fund to the extent taxable as per Second proviso to section 10(11)	1bvi	
	vii	Interest accrued on contributions to provident fund to the extent taxable as per first proviso to section 10(12)	1bvii	
	viii	Interest accrued on contributions to provident fund to the extent taxable as per second proviso to section 10(12)	1bviii	
	ix	Others including interest from Companies, NBFCs & HFCs	1bix	

15. Removal of the fields seeking reporting of foreign retirement account from ITR 1 and ITR 4

In the new ITR forms, the columns for disclosing income from retirement benefit accounts maintained in both notified and non-notified countries have been removed from two ITR forms: ITR-1 and ITR-4. This change aligns with the eligibility conditions for these returns. Income from such accounts naturally comes from foreign assets. It is considered foreign source income, and taxpayers holding foreign assets or earning foreign income are not eligible to file ITR-1 (Sahaj) or ITR-4 (Sugam). Therefore, the inclusion of these specific reporting fields in earlier versions of the forms was irrelevant, and their removal reduces redundancy and enhances consistency in the returns.

16. Rationalisation of auditor details sought in ITR Forms:*ITR 3, 5, 7* :

In the new ITR forms, the reporting requirements for auditor details in this schedule have been significantly streamlined. Only the following details are required to be mentioned:

A) Date of furnishing of the audit report.

B) acknowledgement Number of the Audit Report

C) Name of the auditor (proprietorship/firm)

d) PAN of the proprietorship/firm

17. **Bifurcated reporting of capital gains earned before or after 23 rd July 2024 is removed:***ITR 2, 3, 5, 6 and 7*

In the new ITR forms, dual reporting has been removed, as the rate change was relevant only for the transitional period in the previous year, 2024–25. Since no such mid-year change exists for the previous year relevant to AY 2026–27, the requirement to bifurcate capital gains based on transfer date is no longer necessary, thereby simplifying the reporting framework

18. Removal of Schedule BBS in ITR-6 due to shift in buyback taxation: ITR 6

Up to 30th September 2024, companies were liable to pay tax on the distributed income arising from the buyback of shares, and such income was exempt in the hands of shareholders under Section 10(34A). Accordingly, buyback transactions were required to be reported in Schedule BBS of ITR-6.

However, with effect from 1st October 2024, the taxation mechanism has been shifted, whereby the buyback proceeds are now taxable in the hands of the shareholders and companies are no longer required to pay tax on such transactions. As a result, the relevance of Schedule BBS in ITR-6 has ceased, leading to its removal from the Assessment Year 2026–27.

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19.Reporting for presumptive income under Section 44BBD ([ITR 3, 5 and 6]

The Finance Act, 2025, introduced Section 44BBD, providing a presumptive taxation scheme for non-residents engaged in supplying services or technology for setting up electronics manufacturing facilities or manufacturing electronic goods in India. Applicable from Assessment Year 2026–27, the scheme deems 25% of the specified receipts as taxable income.

To facilitate compliance, the ITR forms have been updated by amending the declaration in Part A–GEN to capture whether income is being offered under Section 44BBD, and by incorporating specific reporting in Schedule BP to disclose such deemed profits, in line with other presumptive taxation provisions.

From a compliance perspective, presumptive taxation schemes generally relieve taxpayers from the requirement to maintain books of accounts and undergo a tax audit under Section 44AB. While Section 44AB explicitly excludes assessees opting for Sections 44B and 44BBA from audit requirements, a similar explicit exclusion has not been provided for Section 44BBD. However, the manner in which the new ITR forms have incorporated Section 44BBD, similar to Section 44B or 44BBA, etc., indicates legislative intent to extend the same treatment, suggesting that tax audit may not be required in such cases, thereby aligning compliance requirements with the presumptive framework

20.Separate reporting is required for certain interest incomes taxable at a concessional rate of 9%:*ITR 2, 3, 5, 6 and 7).*

In the new ITR forms, a column has been introduced in Schedule OS to capture such interest income specifically. This change will facilitate matching with TDS credits.

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21.Reporting of Substantial Contributors under Section 13(3)(*b*). *[ITR 7]*

In the revised Form ITR-7 for AY 2026-27, this requirement has been aligned with the amended provisions of Section 13(3)(*b*). The form specifically requires reporting of the names of persons whose contribution to the trust or institution exceeds Rs. 1 lakh during the relevant previous year, or whose aggregate contribution up to the end of the relevant previous year exceeds Rs. 10 lakhs

22. Disclosure of the authority to whom the report is submitted by the political party (ITR7)

In Form ITR-7 for AY 2026–27, an additional reporting requirement has been introduced, requiring the assessee to specify the authority to whom the report has been submitted, namely, the Election Commission of India or the concerned State Election Commission

Rationalising due dates for filing of return of Income.

1. Section 263 of the Income Tax Act, 2025 ("the Act") makes the provisions for filing of Income Tax Return by taxpayers. The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished. **It covers the original return, belated return, revised return and the updated return.**

2. Section 263(1)(c) of the Act deals **with "due date" means**

- **the date of the financial year succeeding the relevant tax year** for filing the return of Income by different classes of assessee/person with different condition applied therein.
- In this regard, **in order to facilitate the taxpayers who are engaged in business or profession and partners of a firm who do not require to get their books of account audited and trusts,**
- **it is proposed that more time should be made available to them to prepare their books of accounts to make the necessary compliances.**
- Accordingly, **rationalisation of due dates for filing of return of Income in such non audit business cases and trusts is envisaged to facilitate taxpayers and reduce grievances.**

3. In this regard,

- assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force and
- partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse),
- **their due date for filing of return is proposed to be extended from 31st July to 31st August.**

Further,

- individuals **who files ITR-1 & ITR-2,**
- **their due date for filing return of Income shall remain 31st July. In this regard, amendments proposed in section 263(1)(c) of the Act are as under:**

Sl. No.	Person	Conditions	Due date
A	B	C	D
1	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 apply	30th November.
2	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) Partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply	31st October.

Sl. No.	Person	Conditions	Due date
A	B	C	D
3	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force; (ii) Partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse).	As above	31st August.
4	Any other assessee		31st July.

4. **Similar rationale as referred in para 2 has been applied to make similar amendments in Explanation-2 to sub-section (1) of section 139 of Income-tax Act, 1961 to extend the due date of filing return of Income for non-audit business cases and Trusts requiring no audits.**

5. It is proposed **that the amendments made in Income-tax Act, 2025 shall come into force from the 1st day of April, 2026 for tax year 2026-27 and subsequent tax years.**

6. It is proposed **that the amendments made in Income-tax Act, 1961 shall come into force from the 1st day of March, 2026 for assessment year 2026-27(previous year 2025-26).**

Extending the period of filing revised return

Section 263 of the Income-tax Act, 2025 deals with filing of Income-tax return by taxpayers. **The said section prescribes the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished.** It covers the original return, belated return, revised return and updated return.

2. Further, section 263(5) of the Act provides for the revised return of income. It allows a person **who has already furnished a return under section 263(1) and (4)** to file a revised return, if any omission or wrong statement is discovered in the original or belated return. Such revised return required to be **furnished within nine months from the end of the relevant tax year or before completion of assessment, whichever is earlier.**

3. Section 263(5) allows a **taxpayer to revise an original or belated return to rectify any omission or wrong statement, relating to income, deductions, exemptions, losses, or any other particulars.**

4. It is considered:

- to **increase the prescribed time limit** for filing **the revised return**
- from **existing 9 months to 12 months from the end of the relevant tax year.**
- As presently, the timeline for revised and belated return coincides with each other which is nine months from the end of the relevant tax year.
- **Hence, a person who is filing his belated return at the end was not having the opportunity to revise his return of income.**
- The extension of time limit for filing **revised return of income, will allow the taxpayers to file revised return where belated return is filed at the end.**

5. In this regard, it is proposed to amend section 263(5) of the Act so as

- to **increase the prescribed time limit for filing the revised return from its existing time limit of nine months to twelve months from the end of the relevant tax year.**

Further, **a fee is also proposed under section 428(b)**, for revised returns which are filed beyond nine months from the end of relevant tax year.

6. These amendments will take effect from 1st day of April 2026 for tax year 2026-27 and subsequent years.

7. **Further, section 263 corresponds to section 139 of the Income-tax Act, 1961.**

- Therefore, similar amendments are also proposed in section 139(5) of the Income-tax Act,1961.
- Further, **a fee is also proposed under section 234I.**
- It is proposed that these amendments shall come into force from the 1st day of March 2026 in Income-tax Act 1961 and **shall be applicable for Assessment year 2026-27 (previous year 2025-26).**

Scope of filing of updated return in the case of reduction of losses – reg.

1. Section 263 of the Income Tax Act, 2025 (“the Act”) provides for filing of Income Tax Return by taxpayers. The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished. It covers the original return, belated return, revised return and the updated return.

2. Further, section 263(6) of the Act deals with the updated return of Income. **It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within 48 months from the end of the financial year succeeding the relevant tax year.** The said section further imposes certain restrictions on updating the return of Income. **E.g. updated return cannot be a return of loss, cannot reduce tax liability, and cannot increase a refund. Filing an updated return requires payment of additional income-tax, as prescribed, and it is not permitted in cases where assessment, reassessment, search, survey, or prosecution proceedings are pending or completed**.

3. Furthermore, section 263(6)(b) provides that taxpayer may file the updated return in such cases where original return filed under section 263(1) of the Act is a return of loss and updated return being filed thereafter, is a return of income. However, section 263(6)(c)(i) of the Act had created a restriction that updated return cannot be furnished in such cases where updated return is a return of loss for the said tax year.

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4. In this regard, suggestions were received from the stakeholders that updated return may also be allowed in such cases where taxpayer is reducing the amount of loss in comparison to the amount of loss claimed in the return of loss furnished within the due date specified under sub-section (1).

5. In view of the above, it is proposed to amend section 263(6) of the Act, so as to allow filing of updated return in such cases where taxpayer reduces the amount of loss in comparison to the amount of loss claimed in the return of loss furnished within the due date specified under sub-section (1).

6. It is further proposed that the above amendments in the Income-tax Act, 2025 shall come into force from the 1st day of April, 2026.

7. It is further proposed that similar amendment shall be made in the Income-tax Act, 1961 to align with the proposed amendments in the Income-tax Act, 2025.

8. It is also proposed that amendment in the Income-tax Act, 1961 shall come into force from 1st day of March, 2026.

Rule 12 (2)

(2) The return of income required to be furnished in

- Form SAHAJ (ITR-1) or Form No. ITR-2 or
- Form No. ITR-3 or Form SUGAM (ITR-4) or
- Form No. ITR-5 or Form No. ITR-6 or
- Form No. ITR-7]
- ***shall not be accompanied***
  - by a ***statement showing the computation of the tax payable*** on the basis of the return,
  - or ***proof of the tax,*** if any, ***claimed to have been deducted or collected at source*** or
  - the ***advance tax or tax on self-assessment,*** if any, claimed to have been paid or
  - any ***document or copy of any account*** or
  - form or
  - report of audit required to be attached with the return of income under any of the provisions of the Act:

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Rule 12 (3)

(3) The return of income referred to in sub-rule (1)

- ***shall be furnished by a person*** mentioned in column (*ii*) of the Table below
- to whom the conditions specified in column (*iii*) apply,
- in the manner specified in column (*iv*) thereof:—

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Sl. No.	*Person*	*Condition*	*Manner of furnishing return of income*
1	***Individual or Hindu undivided family***	***(a) Accounts are required to be audited under section 44AB of the Act***	***Electronically under digital signature;*** **(B*) Transmitting the data electronically in the return under electronic verification code;***
		(b*) Where total income assessable under the Act during the previous year of a person, being an individual of the age of eighty years or more at any time during the previous year, and who furnishes the return in Form number SAHAJ (ITR-1) or Form number SUGAM (ITR-4)*	(*A*) Electronically under digital signature; or (*B*) Transmitting the data electronically in the return under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V; or (*D*) Paper form;

Sl. No.	*Person*	*Condition*	*Manner of furnishing return of income*
1	***Individual or Hindu undivided family***	(*c*) In any other case	(*A*) Electronically under digital signature; or (*B*) Transmitting the data electronically in the return under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V;]
2	Company	**In all cases.**	***Electronically under digital signature.***

Sl. No.	*Person*	*Condition*	*Manner of furnishing return of income*
3	***A person required to furnish the return in Form ITR-7***	(*a*) In case of a political party; (*b*) In any other case.	A) Electronically under digital signature; (*B*) Transmitting the data electronically in the return under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V;]

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Sl. No.	*Person*	*Condition*	*Manner of furnishing return of income*
4	Firm or limited liability partnership or any person (other than a person mentioned in Sl. 1 to 3 above) who is required to file return in Form ITR-5	(*a*) Accounts are required to be audited under section 44AB of the Act; (*b*) In any other case.	A) Electronically under digital signature; (*B*) Transmitting the data electronically in the return under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V;]

Section 58: Presumptive Taxation

Special provisions for computing profits and gains of business or profession on a presumptive basis for certain resident assessees under the Income Tax Act.

INCOME TAX ACT — SECTION 58

Q:What has changed in provisions relating to presumptive taxation of residents in the new Income Tax Bill ,2025?

Ans: Under the current provisions of the Act, residents earning income from business (Section 44AD), profession (Section 44ADA), and the business of plying, hiring, or leasing goods carriages (Section 44AE) are allowed a simplified taxation regime.

In the proposed Income Tax Bill 2025, ***an effort has been made to consolidate all these identical presumptive taxation schemes into one section in tabular form, while adopting simplified language without suggesting any policy changes***. **Common eligibility conditions are listed as sub-sections below the table.**

This approach offers a clearer understanding of the presumptive taxation regimes for residents, improves readability, and significantly shortens the text compared to the existing provisions.

FAQs on Tax onPresumptive Taxation Scheme

Q1:-what is meaning of Presumptive Taxation Scheme ?

Ans:- As per sections 44AA of the Income-tax Act, 1961, a person engaged in business or profession is required to maintain regular books of account under certain circumstances. To give relief to small taxpayers from this tedious work, the Income-tax Act has framed the presumptive taxation scheme under sections 44AD, sections 44ADA, sections 44AE., Section 44BB and Section 44BBB

A person adopting the presumptive taxation scheme can declare income at a prescribed rate and, **in turn**, ***is relieved from tedious job of maintenance of books of account.***

For small taxpayers, the Income-tax Act, 1961 has framed presumptive taxation schemes as given below:

- Section 44AD : Computation of income on estimated basis in the case of taxpayers [being a resident individual, resident Hindu undivided family or resident partnership firm (not being a limited liability firm] ***engaged in certain business subject to certain conditions.***
- Section 44ADA : Computation of ***professional income on estimated basis*** for assessee being a resident in India and engaged in a profession referred to in section 44AA(1) subject to certain conditions.
- Section 44AE : ***Computation of income on estimated basis*** in the case of taxpayers (being an Individual, HUF, AOP, BOI, Firm, Company, Co-operative society or any other person may be resident or non-resident) engaged in the business of plying, leasing or hiring goods carriages, subject to certain conditions.
- Section 44B : Taxation of shipping profits derived by a person being a non-resident in India, subject to certain conditions.
- Section 44BB : Computation of taxable income of a person being a non-resident (may be an India citizen or a foreign citizen) from activities connected with exploration of mineral oils, subject to certain conditions.
- Section 44BBA : Computation of income in respect of foreign airlines, subject to certain conditions.
- Section 44BBB : Computation of profits and gains of foreign companies engaged in the business of civil construction, subject to certain conditions.

Q2:-Manner of computation of taxable business income under the normal provisions of income tax law.i.e in case of a person not adopting the Presumptiobe Taxation scheme under section 44AD

Generally, as per the Income-tax Law, the taxable business income of every person is computed as

Particulars	***Amount***
Turnover or gross receipts from the business	XXXXX
Less : Expenses incurred in relation to earning of the income	(XXXXX)
Taxable Business Income	XXXXX
For the purpose of computing taxable business income in the above manner, the taxpayers have to maintain books of account of the business and income will be computed on the basis of the information revealed in the books of account.	

Q2:-Manner of computation of taxable business income in case of a person adopting the Presumptive Taxation scheme under section 44AD

In case of a person adopting the provisions of section 44AD, income will be computed on presumptive basis, *i.e.,* @ 8% of the turnover or gross receipts of the eligible business for the year.

Income shall be calculated at rate of 6% in respect of total turnover or gross receipts which is received by an account payee cheque or draft or use of electronic clearing system or through such other electronic mode as may be prescribed.

In other words, in case of a person adopting the provisions of section 44AD, income will not be computed in normal manner as discussed in previous FAQ (*i.e.,* Turnover *less* Expense) but will be computed @ 8%/6% of the turnover.

Income at higher rate, *i.e.,* higher than 8% can be declared if the actual income is higher than 8%.

As per New Income Tax Act 2025

Section 58. Income tax Act 1961 Section 44AD, 44ADA. 44AE

(*1*) The provisions of sections 26 to 54, to the extent contrary to this section, **shall not apply to the specified business or profession mentioned in column B of the Table in sub-section (*2*).**

(*2*) The **profits and gains of any specified business or profession as mentioned in column B of the Table below, carried on by an assessee specified in column C of the said Table,**

- having **total turnover or gross receipts of business or profession during the tax year** specified in column D
- and **computed in the manner specified in column E thereof,**
- **shall be deemed to be the profits and gains** of such business or profession chargeable to tax under the head **"Profits and gains of business or profession".**

SL no	Specified business or profession	Assessee	Total turnover or gross receipts of business or profession during tax year	Manner of computation
A	B	C	D	E
1	**Any business** other than the business specified against serial number 2.	Eligible assessee.	(*a*)Does not exceed ₹2,00,00,000; or (*b*)does not exceed ₹3,00,00,000, where the amount or aggregate of amounts received, in cash, does not exceed 5% of the total turnover or gross receipts.	(*A*)(*i*) 6% of total turnover or gross receipts realised in specified banking or online mode; and (*ii*)8% of total turnover or gross receipts realised in any mode other than specified banking or online mode; or (*B*)profit claimed to have been actually earned, whichever is higher.

SL no	Specified business or profession	Assessee	Total turnover or gross receipts of business or profession during tax year	Manner of computation
A	B	C	D	E
2	Business of plying, hiring or leasing goods carriage.	An assessee, who owns not more than ten goods carriages at any time during the tax year.		((*a*)The aggregate of income from goods carriage:— (*i*)being a heavy goods vehicle, calculated at the rate of ₹1,000 per ton of gross vehicle weight or unladen weight for each vehicle; or (*ii*)being a vehicle other than heavy goods vehicle, calculated at the rate of ₹ 7,500 for each goods carriage for every month or part of a month during which the vehicle is owned by the assessee in the tax year; or B) (b)income claimed to have been actually earned, **whichever is higher.**

SL no	Specified business or profession	Assessee	Total turnover or gross receipts of business or profession during tax year	Manner of computation
A	B	C	D	E
3	**Any profession** as referred to in section 62(1)(a).	Specified assessee.	(*a*)Does not exceed₹50,00,000; or (*b*)Does not exceed₹75,00,000, where the amount or aggregate of amounts received in cash does not exceed 5% of the total turnover or gross receipts.	50% of the gross receipts or profit claimed to have been actually earned, **whichever is higher.**

(*3*)Any assessee mentioned in column C of the Table in sub-section (*2*), who claims that—

- (*a*)the profits or gains actually earned from the specified business or profession are lower than the profits or gains computed in the manner mentioned in column E of the said Table; and
- (*b*)**whose total income exceeds the maximum amount which is not chargeable to tax**,

shall be required to—

- (*i*)**keep and maintain such books of account** and **other documents** as required under section 62; and
- (*ii*)**get the accounts audited and furnish a report of such audit** as required under section 63.

(*4*)**Any loss, allowance or deduction allowable under the provisions of this Act, shall not** be allowed against the income computed in the manner specified in sub-section (*1*).

(*5*) For the purposes of sub-section (*2*) (Table: Sl. No. 2), **where the assessee is a firm, the salary and interest paid to its partners shall be deducted from the income** computed under sub-section (*1*) subject to the conditions and limits specified in section 35(*f*).

(*6*) **The written down value of any asset used for the purposes of specified business or profession** shall be computed as if the assessee mentioned in column C of the Table in sub-section (*2*) had claimed and was actually allowed depreciation thereon for each of the relevant tax years.

(7) Where **an eligible assessee declares profit for any tax year as per the provisions of sub-section (*2*) (Table: Sl. No. 1) and he declares profit for any of the five tax years succeeding such tax year in contravention of the provisions of sub-section (*1*), then he shall not be eligible to claim the benefit of the provisions** of this section ***for five tax years subsequent to the tax year in which the profit has not been declared as per the provisions of the said sub-section.***

(*8*) Irrespective of anything contained in foregoing provision of this section,

- **where provisions of sub-section (*7*) are applicable to an eligible assessee** and
- **his total income exceeds the maximum amount which is not chargeable to income-tax,**
- **he shall be required to keep and maintain such books of account** and
- **other documents as required under section 62(*2*)** and
- **get them audited** and
- **furnish a report** of such audit as required under section 63.

(*9*) For the purposes of sub-section (*2*) (Table: Sl. Nos. 1 and 3), ***the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.***

(10) In this section,—

***(a)* "eligible assessee"** means an individual, a Hindu undivided family, or a firm other than a limited liability partnership, who is resident in India, who—

- (*i*) has not claimed any deduction under section 141; or
- (*ii*) has not claimed any deduction under Chapter VIII-C for the relevant tax year; or
- (*iii*) does not carry on specified profession as defined in section 62(*1*)(*a*), and (*c*); or
- (*iv*) does not earn any income in the nature of commission or brokerage; or
- (v) does not carry on any agency business;

(*b*) **“specified assessee”** means an individual or a firm, other than a limited liability partnership, who is a resident in India;

(*c*) **“limited liability partnership”** shall have the same meaning as assigned to it in section 2(*n*) of the Limited Liability Partnership Act, 2008;

(*d*) the expressions **“goods carriage”,** “gross vehicle weight” and “unladen weight” shall have the same meaning as respectively assigned to them in section 2 of the Motor Vehicles Act, 1988;

(*e*) **“heavy goods vehicle”** means any goods carriage, the gross vehicle weight of which exceeds 12,000 kilograms; and

(*f*) an assessee, who is in possession of a goods carriage, whether taken on hire purchase or on instalments and for which the whole or part of the amount payable is still due, shall be deemed to be the owner of such goods carriage.

What Is Presumptive Taxation?

Core Principle

Section 58 provides a **simplified mechanism mechanism** to compute taxable profits for for eligible assessees — without requiring requiring detailed books of account in most most cases.

> Sections 26–54, to the extent contrary, do **not** apply to assessees assessees opting under this section. section.

CATEGORY 1

General Business (Sl. No. 1)

Eligible Assessee

Individual, HUF, or firm (excluding LLP) — resident in India, not claiming Chapter VIII-C deductions, not engaged in specified profession, commission, brokerage, or agency business.

Turnover Limit

Up to **₹2 crore**; or up to **₹3 crore** if cash receipts do not exceed **5%** of total turnover or gross receipts.

Deemed Profit Rate

6% of turnover received via banking/online modes + **8%** of remaining turnover — or actual profit, profit, whichever is higher.

CATEGORY 2

Goods Carriage Business (Sl. No. 2)

Applies to assessees owning **not more than 10 goods carriages** at any time during the tax year. No turnover limit prescribed.

Heavy Goods Vehicle

Gross vehicle weight exceeds 12,000 kg

₹1,000 per ton of GVW or unladen weight per vehicle per month (or part thereof)

Other Goods Carriage

Vehicles with GVW ≤ 12,000 kg

₹7,500 per vehicle per month (or part thereof)

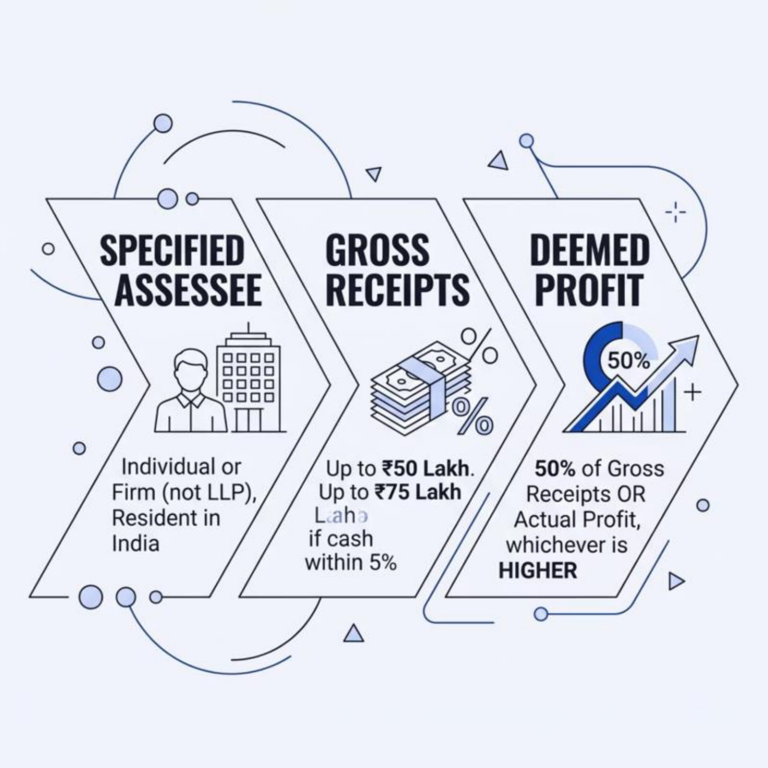
Actual Profit Option

Applicable to both categories

Profit **actually earned**, if higher than computed rates above

CATEGORY 3

Specified Profession (Sl. No. 3)



Who Qualifies?

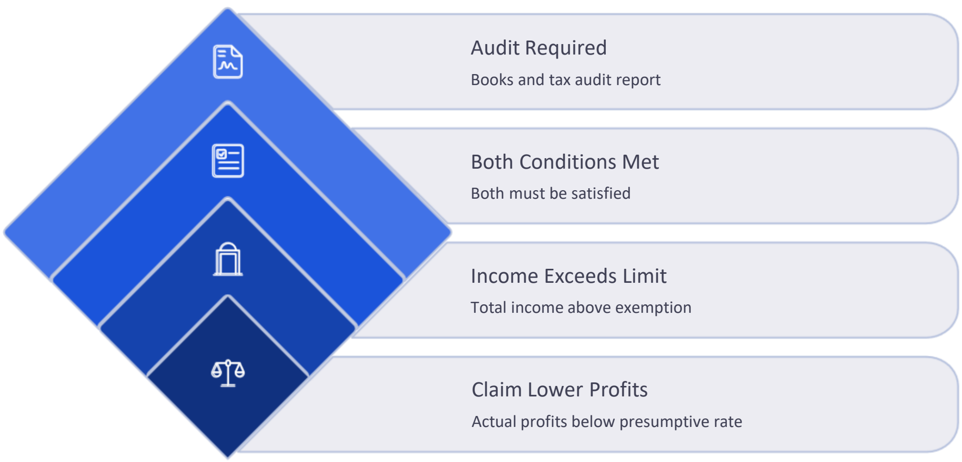
Specified assessee — an individual or firm (not LLP) resident in India, carrying on a carrying on a profession as referred to in Section 62(4).

Deemed Profit

50% of gross receipts — or actual profit declared, whichever is higher.

Non-account payee cheques/drafts are treated as **cash receipts** for the **receipts** for the 5% threshold test.

When Is Audit Required?



An assessee who claims lower actual profits **and** whose total income exceeds the exceeds the basic exemption threshold must maintain prescribed books and obtain and obtain a tax audit report under Sections 62 and 63.

Key Restrictions & Special Rules

1

No Loss/Deduction Set-Off

No other losses, allowances, or deductions under the Act are permitted against income computed on presumptive basis.

2

Partner Salary & Interest (Sl. No. 2)

For firms under goods carriage category, salary and interest paid interest paid to partners may be deducted subject to limits limits under Section 35(e).

3

Depreciation (WDV)

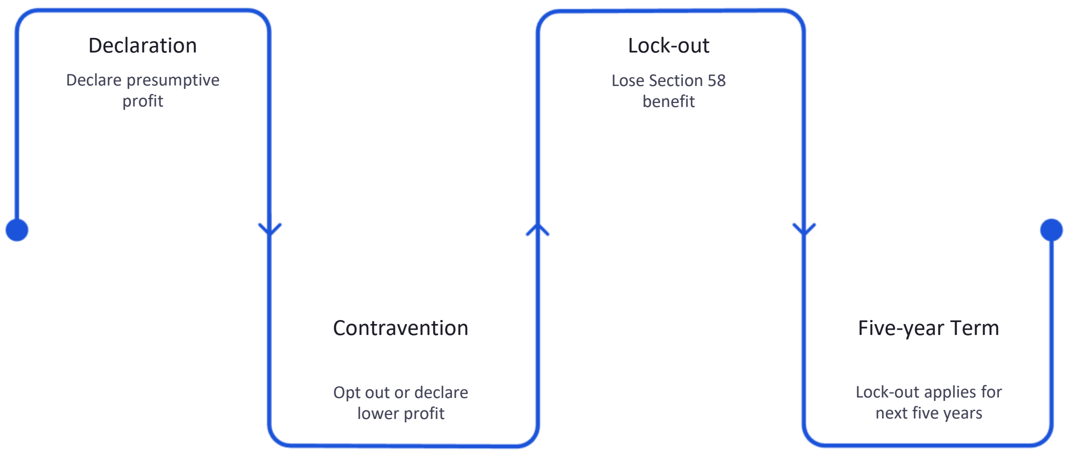
Written Down Value of assets is calculated as if depreciation was depreciation was claimed and allowed for every relevant tax tax year — even if not actually claimed.

4

Cash Receipt Definition

Non-account payee cheques or bank drafts are deemed cash cash receipts for purposes of the 5% threshold test (Sl. Nos. 1 & Nos. 1 & 3).

Consequences of Non-Compliance: The 5-Year Lock-Out



Sub-section (7) & (8)

If an eligible assessee opts into Section 58 (Sl. No. 1) and then contravenes the provisions in any of the following **5 tax years**, they are locked out of the section for the subsequent **5 tax years**.

During the lock-out period, if total income exceeds the exemption limit, full audit compliance under Sections 62 & 63 is mandatory.

Key Definitions Under Section 58(11)

Eligible Assessee

Individual, HUF, or firm (not LLP) — resident in India; no no Chapter VIII-C deductions claimed; not engaged in specified profession, commission/brokerage, or agency agency business.

Specified Assessee

Individual or firm (not LLP) — resident in India; applicable for applicable for the specified professions under Section 62(4). 62(4).

Heavy Goods Vehicle

Any goods carriage with a gross vehicle weight exceeding exceeding **12,000 kilograms**, as per the Motor Vehicles Act, Vehicles Act, 1988.

Deemed Ownership

An assessee in possession of a goods carriage on hire purchase or instalments — even if amount is partially unpaid unpaid — is deemed its **owner**.

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Key Takeaways

Simplified Compliance

Presumptive taxation reduces compliance burden for small businesses and professionals.

Higher Limit for Digital Receipts

Turnover thresholds are relaxed when cash receipts are within 5% — incentivizing digital transactions.

Opt-Out Has Consequences

Exiting the scheme triggers a 5-year lock-out with full audit obligations.

No Double Benefits

Deductions, losses, and allowances cannot be claimed in addition to presumptive income income computation.

Practical Issues under Presumptive Taxation

Issue 1

Cash deposits vs turnover under Section 44AD

Key case: CIT v. Surinder Pal Anand (P&H HC)

Business receipts already considered under presumptive taxation generally cannot be taxed again.

Issue 2

Applicability of Section 68 in 44AD cases

Key case: Nand Lal Popli v. DCIT

Unexplained loans/capital can still be examined separately.

Issue 3

Reimbursements under 44ADA

Whether reimbursements form part of gross receipts.

Maintain agreements and supporting bills.

Issue 4

Partner's remuneration and 44ADA

Partner of professional firm may claim benefit where receipt retains professional character.

Issue 5

Depreciation under 44AD

Separate depreciation deduction not allowable; deemed allowed.

Issue 6

WDV impact under presumptive taxation

CIT v. Jain Construction Co.

Depreciation deemed allowed for WDV computation.

Issue 7

Declaring income below 8%/6%

Books and audit implications; higher scrutiny risk.

Issue 8

Commission income and 44AD

Commission agents/brokers generally not eligible.

Issue 9

Freelancers and 44ADA

Consultants, trainers, influencers – evolving jurisprudence.

Issue 10

GST inclusion in turnover

Strong case for exclusion where separately collected.

Issue 11

Cash deposits exceeding turnover

Need nexus between deposits and business receipts.

Issue 12

Chapter VI-A deductions after 44AD/44ADA

80C, 80D, 80G etc. remain available.

Issue 13

Agricultural income claims

Need land records, crop details and evidence.

Issue 14

Lock-in consequences after opting out of 44AD

Important compliance consideration.

Key Litigation Trends

Cash deposits, Section 68, freelancers, GST turnover, e-commerce sellers, UPI reconciliations.

Professional Defence Strategies

Cash-flow statements, turnover reconciliation, documentation, judicial precedents, audit trail.

For TDS assessments, surveys, and notices under Sections 201, 201(1A), 194C, 194J, 194H, 194-I, 194Q, 206C, etc., the following are the most common TDS errors noticed by the Department along with the leading judicial precedents available to defend the matter.

Common TDS Errors and Important Judicial Precedents

Issue	Department's Allegation	Important Judicial Precedents	Principle Laid Down
Non-deduction of TDS	Deductor treated as Assessee-in-Default u/s 201	CIT v. Eli Lilly & Co. (India) Pvt. Ltd.	AO must verify whether deductee has already paid tax before raising demand.
Short Deduction of TDS	Demand u/s 201(1) & 201(1A)	ICICI Bank Ltd. v. DCIT	Recovery can be made only if Revenue proves loss of tax.

Common TDS Errors and Important Judicial Precedents

Issue	Department's Allegation	Important Judicial Precedents	Principle Laid Down
TDS not deducted but income offered by recipient	Demand raised on deductor	Jagran Prakashan Ltd. v. DCIT.	Department must ascertain whether recipient paid tax
Salary TDS Short Deduction	Employer held liable	CIT v. Manager, MP State Cooperative Development Bank Ltd.	Tax cannot be recovered twice once employee has paid it.
Salary TDS Short Deduction	Employer held liable	CIT v. Divisional Manager, New India Assurance Co. Ltd.	Once employee's assessment is completed, demand cannot be raised again on employer.

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Common TDS Errors and Important Judicial Precedents

Issue	Department's Allegation	Important Judicial Precedents	Principle Laid Down
Tax already paid by deductee	Recovery from deductor	Grindlays Bank Ltd. v. CIT	Tax cannot be collected twice though interest may survive
Interest u/s 201(1A)	Whether mandatory	CIT v. Dhanalakshmy Weaving Works	Interest is mandatory where default exists
Limitation for passing order u/s 201	Time-barred order	Various ITAT decisions interpreting Section 201(3)	Orders beyond statutory limitation are invalid.

Issue No1:-Delhi High Court: Employee Accepted Salary After TDS Deduction, Employer Responsible For Non-Deposit

The Delhi High Court in the case Harshdip Singh Dhillon Versus Union Of India observed and has held

- that the ***employee accepted salary after TDS deduction*** and ***the employer is responsible for non-deposit of TDS.***
- The bench comprising of Justice Rajiv Shakdher and Justice Girish Kathpalia in the case observed and has stated that the petitioner or assessee, having accepted the salary after the deduction of income tax at source,
- ***had no further control over it in the sense that thereafter it was the duty of his employer, while acting as a tax collecting agent of the revenue, to pay the deducted tax amount to the Central Government in accordance with law.***

Brief Fact of the case

In the present case, the petitioner or assessee was employed with Tulip Telecom Ltd. as Associate Vice President during the period from November 2011 to May 2013 and has resigned from service on May 7, 2013, with effect from May 9, 2013.

The court observed that for assessment year 2011–12 and 2012–13, the employer of the petitioner deducted tax at source, TAS on the salaries paid to the petitioner, but the deducted tax which pertains to the assessment year 2012–2013 was not deposited by the employer with the Income Tax authorities.

The court stated that the employer of the petitioner also failed to issue the requisite TDS certificate, so the petitioner informed the concerned income tax officials about the default, but no such action was taken.

The petitioner moved the plea seeking the winding up of the employer company by way of a company petition under Section 433(e) and (f), read with Section 434 of the Companies Act, in which a liquidator was appointed.

Further, the court stated that instead of granting credit to the TDS pertaining to the assessment year 2012–2013, the respondent or department issued an intimation by raising a demand for an amount of Rs. 15,77,240 against the petitioner for outstanding tax liabilities.

The petitioner in the plea made various representations to the department, informing them about the defaults on the part of his employer.
The department in the case issued the demand notice by again raising a tax demand for an amount of Rs. 15,36,220 against the petitioner.

On the other hand, it has been contended by the department that the petitioner cannot be allowed credit for tax because the credit has to be given in view of Section 199 only when the tax deducted at source is paid to the Central Government, which was not so paid.

- The court in the case observed and has held that
- since the petitioner accepted his salary after deduction of income tax at source,
- it is his employer who is liable to deposit the same with the revenue authorities, and
- on this count, thus, the petitioner cannot be burdened. ***The court while considering the facts and circumstances of the case observed and has allowed the petition and set aside the demand notice.***

Further, the court directed to allow the petitioner credit for TDS deducted by his employer for the assessment year 2013–14.

Issue No 2:- Taxpayer Must Substantiate Form 26AS Or Form 16 So As To Claim Credit Over TDS: Mumbai ITAT

The Mumbai bench of the Income Tax Appellate Tribunal (ITAT) has directed re-adjudication, stating that either Form 26AS or Form 16 is essential for claiming Tax Deducted at Source (TDS) credit.

Brief fact of the Case:-

The Assessee also claimed TDS amounting to Rs.10,45,439/- was deducted by employer i.e. M/s. Nirmal Lifestyle Ltd. from salary under Section 192 of the Income Tax Act, 1961, which was not allowed by the Assessing Officer (AO) mainly on the ground that the employer of the assessee has not reflected the TDS in Form No.26AS.

The Assessee being aggrieved, challenged the nonallowing of TDS credit of Rs.10,45,439/- before the Ld. Commissioner, who ultimately affirms the said addition by observing as under.

" That it is seen that the TDS amount of Rs.10,45,439/- has not deposited by the employer to the Government Treasury, though the amount was deducted from the Assessee's salary income, the Assessee also did not furnish any salary slips or Form No.16 and the amount has not been deposited in the Government Treasury. There was no payment of tax of Rs.10,45,439/- in the form of TDS by the employer. Therefore, the AO has not made any mistakes in non-granting of TDS amount of Rs.10,45,439/- ."

The Assessee being aggrieved, challenged the aforesaid addition before Tribunal and mainly claimed that if the employer has deducted TDS on salary u/s.192 of the Act, and may not have deposited the same in the Government Treasury, then also, the Assessee is entitled to get the claim of TDS as the Assessee cannot be denied the benefit of TDS which is benevolent in nature. On the contrary, the ld. DR refuted the claim of the Assessee.

Order:

Tribunal Held that ***"in absence of relevant documents, the issue remained to be adjudicated properly*** and ***in its right perspective*** and therefore,

- for ***proper and just decision of the case and for the end of the justice***,
- we deem it appropriate to remand the instant case to the file of the Ld. Commissioner for decision afresh on the issue under consideration by giving reasonable opportunity to the Assessee to produce
- ***the relevant documents, such as appointment letter, salary slips or Form No.16 or bank statements or any other corroborative evidence/documents to substantiate its claim.***
- ***We clarify that prima facie onus would be upon the Assessee to substantiate its claim.***

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Issue no:3 TDS Prosecution Can't Be Initiated Against Any Office Holder In Corporate Without Establishing Administrative Connection: Delhi High Court

Varun Sood Vs ACIT (Delhi High Court)

In a landmark judgment, the Delhi High Court has set a significant precedent by ruling that prosecution for Tax Deducted at Source (TDS) violations under Section 276B of the Income Tax Act, 1961***, cannot be initiated against corporate officers without establishing their administrative connection to the company's management.*** The case, Varun Sood Vs ACIT, highlights the critical need for due process and specific criteria in identifying responsible officers for corporate tax obligations

Brief Fact:-

The petitioner, ***Varun Sood, challenged the designation as the "Principal Officer" of the company by the first respondent,*** which was intended to hold him accountable for initiating prosecution under Section 276B of the Act. The High Court noted several procedural lapses and lack of evidence in establishing Sood's connection with the company's management or administration, thereby questioning the basis of the prosecution.

Section 2(35)

Key points from the judgment include the High Court's observation

- that merely holding an office in a corporate entity is insufficient to classify an individual under clause (b) of Section 2(35) of the Act.
- The court emphasized that a notice of intent to treat an individual as a "Principal Officer" must be justified with evidence of the individual's involvement in management or administration.

2(35) "principal officer", used with reference to a local authority or a company or any other public body or any association of persons or any body of individuals, means—

(a) the secretary, treasurer, manager or agent of the authority, company, association or body, or (b) any person connected with the management or administration of the local authority, company, association or body upon whom the Assessing Officer has served a notice of his intention of treating him as the principal officer thereof ;

In our considered opinion merely because a person holds an office in a corporate entity would not be sufficient to place ***that individual in clause (b).*** ***The intention of the respondent to treat an individual as the "Principal Officer" must be based on it being satisfied that the person was connected with the management or administration of the company.***

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